

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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E.O. 11652: N/A

TAGS: EAIR, EG

SUBJECT: CIVAIR: BILATERAL CONSULTATION AND TWA

REFERENCE: CAIRO 15546

REFTEL REQUESTED DEPT'S CONSIDERATION OF EGYPTIAN SUGGESTION THAT DECEMBER 6 CONSULTATION BE HELD IN CAIRO RATHER THAN WASHINGTON. RATIONALE, WHICH EMBASSY AGREES IS REASONABLE IS BASED UPON BELIEF THAT GOE DELEGATION OPERATING IN WASHINGTON WOULD NOT BE ABLE TO RECEIVE POLITICAL INPUTS WHICH WILL PROBABLY BE NECESSARY TO OVERCOME TECHNICAL/FINANCIAL OBJECTION TO TWA PROGRAM, INPUTS WHICH WILL ONLY BE AVAILABLE AT LAST MINUTE.

2. TWA HAS NOT PROVIDED A TRANSLATION OF A LETTER FROM EGYPTIAN CAA, DATED NOVEMBER 10, WHICH INDICATES THE ATTITUDE PREVAILING WITHIN EGYPTAIR AND THE CAA WITH RESPECT TO TWA'S PROPOSALS. IT MAY WELL BE A NEGOTIATING POSITION, BUT SINCE IT REFLECTS EXACTLY THE VERBAL ATTITUDES OF THOSE CONCERNED, IT IS WORTH REPEATING TO THE DEPT. IN CONNECTION WITH THE RECOMMENDATION CONTAINED REFTEL.

3. FOLLOWING IS TEST OF TRANSLATION OF LETTER FROM MINISTRY OF CIVIL AVIATION - CAIRO TO TWA DATED NOVEMBER 10, 1976;

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QUOTE REFERENCE IS MADE TO YOUR LETTER DATED 26/10/76 TO THE

MINISTER OF TOURISM AND CIVIL AVIATION RELATIVE TO OPERATING FOUR NEW FLIGHTS WEEKLY BETWEEN CAIRO AND NEW YORK VIA PARIS. WE WISH TO ADVISE THAT: (1) THE ORGANIZATION HAS ALREADY ADVISED THE COMPANY PER ITS LETTER NUMBER 8694 DATED 14/9/76 THAT THE OPERATION OF THESE FLIGHTS CAN BE DISCUSSED IN THE FORTHCOMING NEGOTIATIONS BETWEEN THE EGGYPITAN AND AMERICAN CIVIL AVIATION AUTHORITIES, MEANWHILE THE ORGANIZATION HAS REQUESTED THE EGYPTIAN MINISTRY OF FOREIGN AFFAIRS TO COMMUNICATE WITH THE COMPETENT AMERICAN AUTHORITIES TO SET UP A SUITABLE DATE TO CONDUCT THE BILATERAL NEGOTIATIONS IN CAIRO. (2) THE PRESENT TRAFFIC VOLUME AND THAT EXPECTED DURING 1977 BETWEEN CAIRO AND NEW YORK DOES NOT JUSTIFY OPERATING MORE THAN TWO AND A HALF FLIGHTS WEEKLY BETWEEN THE TWO COUNTRIES. THE COMPANY REQUESTS WOULD LEAD TO CREATION OF AN EXCESSIVE CAPACITY THAT THE TRAVELLING PUBLIC WOULD NOT NEED. THIS WILL BE IN CONTRADICTION TO PARAGRAPH ONE OF ARTICLE TEN OF THE AIR TRANSPORT AGREEMENT BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED STATE OF AMERICA WHICH STIPULATES THAT THE CAPACITY OFFERED SHOULD BE PROPORTIONATE WITH THE NEED OF THE TRAVELLING PUBLIC. (3) DURING THE FIRST SIX MONTHS OF 1976, THE COMPANY CARRIED THE FOLLOWING:

8638 PASSENGERS FROM AMERICA TO CAIRO AND VICE-VERSA
13463 PASSENGERS FROM ROME TO CAIRO AND VICE-VERSA
18886 PASSENGERS FROM ATHENS TO CAIRO AND VICE-VERSA.

THAT IS TO SAY THAT 21 PERCENT OF THE COMPANY'S TRAFFIC VOLUME WAS BETWEEN CAIRO AND NEW YORK, WHILE 79 PERCENT WAS BETWEEN INTERMEDIATE POINTS AND CAIRO. THIS CLEARLY INDICATES THAT THE COMPANY DEPENDS BASICALLY ON THE FIFTH FREEDOM TRAFFIC RIGHT FOR ITS OPERATION INTO CAIRO, A MATTER WHICH IS NOT IN LINE WITH THE AGREED PRINCIPLES THAT CALL FOR THE THIRD AND FOURTH FREEDOM TRAFFIC RIGHTS TO BE THE MAIN OBJECTIVE OF THE OPERATIONS WHILE THE FIFTH FREEDOM TRAFFIC RIGHT IS A SECONDARY AND SUPPLEMENTAL ONE. (4) THE TRAFFIC VOLUME CARRIED BY TWA REPRESENTS 24 PERCENT OF THE TRAFFIC BETWEEN CAIRO AND ROME, 32 PERCENT BETWEEN CAIRO AND ATHENS, WHILE EGYPT AIR'S SHARE OF THE TRAFFIC BETWEEN CAIRO AND ROME DID NOT AMOUNT TO MORE THAN 9 PERCENT WHEREAS EGYPT AIR SHOULD BE THE ONE TO MAINLY ENJOY THE TRAFFIC RIGHTS ON THESE TWO SECTORS.
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THIS CLEARLY ILLUSTRATES THE EXTENT OF DAMAGE INFLICTED ON EGYPT AIR THROUGH TWA'S EXPLOITATION OF ITS TRAFFIC RIGHTS ON THE INTERMEDIATE SECTORS. (5) TO INCREASE THE COMPANY'S NUMBER OF FLIGHTS TO ELEVEN WEEKLY WITH FULL TRAFFIC RIGHTS ON THE INTERMEDIATE SECTORS WOULD LEAD TO INCREASED COMPETITION TO THE NATIONAL CARRIERS OPERATING ON THESE SECTORS AT THE TIME WHEN SUCH TRAFFIC RIGHTS ARE CONSIDERED A FUNDAMENTAL RIGHT FOR THE NATIONAL

CARRIERS WHICH SHOULD NOT BE HARMED BY THE FOREIGN CARRIERS'
UTILIZATION OF THE FIFTH FREEDOM.

THEREFORE, AND IF THE COMPANY ANTICIPATES AN INCREASE IN
THE VOLUME OF TRAFFIC BETWEEN THE TWO COUNTRIES THAT JUSTIFIES
INCREASING ITS FLIGHTS TO ELEVEN WEEKLY, THE ORGANIZATION
HAS NO OBJECTION TO THE COMPANY'S REQUEST TO OPERATE ELEVEN
FLIGHTS WEEKLY BETWEEN NEW YORK AND CAIRO PROVIDING NOT TO ENJOY
FIFTH FREEDOM RIGHTS BETWEEN CAIRO AND THE INTERMEDIATE POINTS
OF ATHENS, ROME AND PARIS ON MORE THAN FIVE FLIGHTS WEEKLY
IN ADDITION TO THE RIGHT ON THE TWO FLIGHTS THAT WERE TEMPOR-
ARILY AUTHORIZED UNTIL 31/12/76, OR RESTRICT THE PASSENGER
LOAD BY A LIMITED NUMBER OF PASSENGER TO BE CARRIED ON EACH
FLIGHT, THEREBY SECURING AN EQUAL OPPORUTNITY FOR BOTH THE
EGYPTIAN AND AMERICAN COMPANIES. THIS CAN BE ACCOMPALISHED
THROUGH BILATERAL NEGOTIATIONS BETWEEN THE CIVIL AVIATION
AUTHORITIES OF THE TWO COUNTRIES.

PLEASE BE ADVISED ACCORDINGLY AND GIVE US THE BENEFIT OF YOUR
COMMENTS. SIGNED ELSAYED YEHIA EISHENNAWI, CHAIRMAN, EGYPTIAN
GENERAL ORGANIZATION FOR CIVIL AVIATION. END TEXT.
EILTS

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